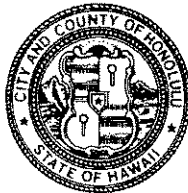


DEPARTMENT OF BUDGET AND FISCAL SERVICES  
**CITY AND COUNTY OF HONOLULU**  
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813  
PHONE: (808) 523-4616 • FAX: (808) 523-4771 • INTERNET: www.honolulu.gov

MUFI HANNEMANN  
MAYOR



MARY PATRICIA WATERHOUSE  
DIRECTOR

PATRICK T. KUBOTA  
DEPUTY DIRECTOR

April 18, 2007

The Honorable Todd K. Apo, Chair  
and Members of the Budget Committee  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

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CITY CLERK  
HONOLULU, HAWAII

Dear Chair Apo and Members:

We strongly support the addition of a "homeowner" class to lessen the impact of property valuation increases over the past few years. However, we do not support the other provisions of Bill 7 (2007), which requires annual filings and income verifications for the thousands of homeowners who do not exceed the stated \$70,000 income threshold. We estimate that for every 10,000 applications, ten additional employees would be required at an estimated cost of \$400,000.

In our budget proposal we have submitted a bill for a "homeowner" class which does not require duplication of services and allows the city to provide tax relief for qualifying owner occupants. We recommend a deferral of Bill 7 (2007) and would support a modification to the existing income based tax credit program, which could provide targeted tax relief for the intended recipients, and would not require costly duplication of services.

Please call me at 523-4617 if you have any questions.

Sincerely,

A handwritten signature in cursive script, reading "M. Waterhouse".

Mary Patricia Waterhouse, Director  
Budget and Fiscal Services

MPW:dw

cc: Real Property Assessment Division

APPROVED:

A handwritten signature in cursive script, reading "Wayne M. Hashiro".

Wayne M. Hashiro, P.E.  
Managing Director

Dept. Com. No. **305**

**B**